



February 1, 2010

Senate Rules Committee
305 Russell Senate Office Building
Washington, DC 20510

Dear Senator Schumer, Senator Bennett and Members of the Committee,

The American people are experiencing a crisis in confidence in the ability of their elected government to act in the public's best interest. A new Wall Street Journal/NBC survey of voters found that 70% of voters think the government isn't working well, and 84% believe "the special interests have too much influence over legislation." And a national poll we commissioned last year found that 79% of voters believe large campaign contributions will prevent Congress from tackling the biggest issues facing the nation, like health care, climate change and the economic crisis. Americans are angry at the lack of progress in Washington.

Last month's decision from the U.S. Supreme Court in the *Citizens United* case will only make an already bad situation worse. The Court turned its back on 100 years of law and its own precedents to strike down federal prohibitions on independent political spending by corporations and unions, at the same time pulling the plug on similar laws in 24 states. That much we expected. But the Court also declared outright – beyond overruling *Austin* and *McConnell* – that corporate expenditures *cannot* corrupt elected officials and that appearance of influence *will not* undermine public faith in our democracy. We at Common Cause were stunned by the sweeping nature of these proclamations, made without any factual record on those issues for the Court to review.

This is judicial activism at its worst. The effect of the decision is likely to let loose a flood of corporate and union independent spending in the future elections, trigger a fundraising arms race by candidates fearful of that spending, and further reduce public trust in our democracy.

Just one week before the *Citizens United* decision, the U.S. Chamber of Commerce issued a press release threatening to spend an unprecedented amount of money in the 2010 elections to defeat Members of Congress who did not side with their agenda. Last fall, PhRMA announced a \$150 million advertising campaign to support a health care plan (without a public insurance option) – more than the \$140 million spent by all 55 winners of hot congressional races in 2008 combined. That's one trade association on one bill. Now imagine what America

looks like when powerful interests are free to tap their profits to influence elections, and decide to spend as much on campaigns as they do on lobbying.

Although the *Citizens United* decision will affect both corporate and union spending, there is no doubt where the advantage lies. In the last election cycle, corporations outspent unions 4 to 1 when it came to the highly regulated field of PAC spending, where money has to be aggregated from individuals in limited amounts. During the same period, corporations outspent unions 61 to 1 when it came to lobbying Congress (\$5.2 billion for corporations, compared to \$84.4 million for labor).

This Committee will likely hear a wide variety of legislative proposals to mitigate the impact of the *Citizens United* decision, and we encourage you to give them careful consideration. However, given this Court's narrow focus on *quid pro quo* corruption and its ideological approach to campaign finance law, there is very little you can do from a regulatory, limits-based approach to restore the status quo, let alone take meaningful steps to increase public confidence in Washington.

Common Cause supports a comprehensive package of reforms to address the effects of the *Citizens United* decision – and the preexisting condition of big money dominance in federal elections and the halls of Congress. We believe that a reform package should:

1. ***Prohibit political spending by foreign-owned domestic corporations.*** The *Citizens United* decision opens a loophole that would allow foreign-owned corporations chartered in the United States to spend unlimited amounts of money to influence our elections. That loophole must be closed.
2. ***Require shareholder approval of political expenditures.***
3. ***Prohibit political expenditures by corporations that receive federal government contracts, earmarks, grants, tax breaks or subsidies.***
4. ***Strengthen coordination rules, to ensure that “independent” expenditures are truly independent.***
5. ***Strengthen disclosure rules.*** Independent expenditures should be disclosed electronically within 24 hours in a manner accessible to candidates, the media and the public. CEO's should be required to “stand by their ads” just like candidates, and corporations that collect money for political expenditures should provide attribution for their top three donors, in order to prevent evasion of disclosure by “Astroturf” entities. FCC advertising logs should be made available on the Internet.
6. ***Pay-to-Play reforms.*** Congress should move quickly to dispel the public's perception of special interest dominance in Washington by enacting low contribution and solicitation limits for lobbyists and lobbyist employers, and banning earmarks for campaign contributors.

- 7. *Fair Elections.*** Congress should enact a new system for 21st Century elections that allows candidates who agree to low contribution limits to run competitive campaigns on a blend of small donations and limited public funds.

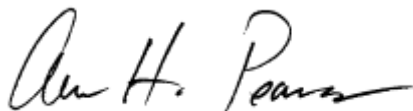
The best defense is a good offense. We urge you to seize this moment to lay the groundwork for a new generation of elections that raise up the voices of American voters and free elected officials from their dependence on wealthy special interests. If what we are witnessing is a return to the “Wild West” of American elections, then allowing candidates to run vigorous campaigns on a blend of small contributions and limited public funds becomes an even more attractive alternative than it is now. In a world where there are no practical limits on political spending by organized wealthy interests, the Fair Elections Now Act (S. 752 and H.R. 1826) offers a floor for competitive campaigns and matching funds to ensure that concentrated wealth cannot drown out the voices of Main Street.

The problem is not so much the amount we spend on political campaigns – columnist George Will likes to remind us that we spend more on potato chips than elections each year – as it is who pays for them, what they get in return, and how that distorts public policy and spending priorities. Keeping our elected officials dependent on the very same wealthy special interests they are supposed to regulate undermines public confidence in their government and its ability to tackle the tough issues that face the nation. And letting the interests who stand to gain from billions in federal spending and bailouts give politicians campaign cash undermines public faith in government’s ability to spend money wisely.

Common Cause urges you to make the Fair Elections Now Act part of any reform package.

Thank you for rapid attention to this pressing crisis in American democracy, and for this opportunity to share our views with you.

Sincerely,

A handwritten signature in black ink, reading "Arn H. Pearson". The signature is fluid and cursive, with the first name "Arn" and last name "Pearson" clearly legible.

Arn H. Pearson, Esq.
Vice President for Programs